

**AMENDMENT TO THE TITLE:**

Please amend the title to read as follows:

SYSTEM AND METHOD FOR ~~ADMINISTRATION OF~~ADMINISTERING A CREDIT CARD USE  
INCENTIVE PROGRAM BY WHICH A~~WHEREIN~~ CREDIT CARD HOLDER EARNS REBATE IN  
THE FORM OF AN ADDITIONAL PAYMENT TOWARD AN OUTSTANDING LOAN PRINCIPAL  
TO REDUCE THE OVERALL COST OF THE INSTALLMENT LOAN-ADVANCED PAYMENT  
~~THROUGH USE OF CREDIT CARD~~

## REMARKS

### 1 BACKGROUND

Applicants appreciate the Examiner's time discussing this matter with Counsel in a telephonic conference and submit this paper for reconsideration of the claim objections and rejections in the Final Office Action in view of this discussion. Applicants believe that the proposed amendments present the claims in better form without modifying the claimed invention and without introducing new matter. The title is amended to more clearly indicate the invention to which the claims are directed. Claims 23-46 remain pending in the above-referenced application.

### 2 CLAIM OBJECTIONS

In the aforementioned Final Office Action, the Examiner objected to dependent claims 47-49 as failing to further limit the subject matter of the a previous claim. Applicants believe that the examiner might have misconstrued "all purchases made by the credit holder" to be the genus of all types of purchases and, therefore, Applicants respectfully disagree with this objection. The phrase "all purchases made by the card holder during a period of time" connotes every one of the purchases made by the card holder during a period of time (this is different from "every type of purchase" during a period). So, it is possible that all the purchases made by the card holder during a period of time are only one type, and, then again, all the purchases may be of two or more types. Thus, specifying the type of purchases as "normally made..." is a further limitation (to a particular type of purchase). In view of this, Applicants respectfully request the Examiner to reconsider and withdraw this objection.

### 3 CLAIM REJECTIONS

Further in the aforementioned Final Office Action, the Examiner rejected claims 23-32, 35-40 and 45-49 under 35 USC §103 as being unpatentable over U.S. Patent 5,787,404 to Fernandez-Hollmann ("Fernandez") in view of alleged knowledge in the art. The Examiner has also rejected claims 33, 34 and 41-44 under 35 USC §103 as being unpatentable over Fernandez in view of U.S. Patent 6,070,153 to Simpson and alleged knowledge in the art. However, as will become apparent, the claimed invention is patentably distinguishable from all these references.

First, Applicants respectfully disagree with the analysis and rationale used by the Examiner in rejecting the claims because Applicants believe that the Examiner has made and relied on assertions about the alleged knowledge in the art that are materially incorrect. Second, Fernandez and Simpson do not support the claim rejections because they fail to teach or suggest the claimed invention, singly or

combined. Third, Applicants believe that because the alleged knowledge in the art relied on by the Examiner is materially incorrect and does not make up for the deficiencies in Fernandez and Simpson, combined, all the cited references do not produce the claimed invention.

More specifically, various embodiments of the claimed invention are directed to a system and method for administering a credit card use incentive program. In independent claims 23, 35 and 45, the claimed invention is recited, in part, as comprising

establishing a credit card account with the credit card issuer for a credit card holder having an account at a particular lending institution for an installment loan with a cost that requires a fixed number of periodic equal-sized payments made by the credit card holder to retire the loan,

accumulating the total value of all purchases made by the card holder using the credit card during a period of time,

checking...good standing...,

calculating an installment loan benefit amount...,

determining...outstanding balance..., and

transferring the installment loan benefit amount to the particular lending institution to apply the installment loan benefit amount, as an additional payment, against the outstanding principal on the installment loan account, if the credit card account is in good standing and there is an outstanding principal balance, so as to reduce the cost of the installment loan.

*(emphasis added).*

An important thing to note from the foregoing is that the installment loan benefit amount, i.e., the rebate earned by the card holder as an incentive for using the credit card, is an additional (not a regular) payment applied against the principal of the installment loan; and it is well known that only additional payments against the principal are capable of reducing the term, and, in turn, the cost of an installment loan. It is also well known that regular payments made to repay an installment loan each have interest and principal components and, eventually, the sum of these payments covers the cost of the loan and retires the loan. However, in analyzing the feature of additional payments, the Examiner made the assertion that “all payments necessarily reduce the lifetime interest paid on the loan” (See: Final Office Action at page 4 Section 10). This assertion is materially incorrect because the lifetime interest, and, in turn, the cost of a loan is reduced only by additional payments against the principal (and the present invention produces this exact benefit). The Examiner has made the further assertion that “any additional payment on a mortgage necessarily results in an additional payment of principal.” This assertion is also materially incorrect because only a payment which is made against the principal goes to pay off a portion of the principal and only an additional payment against the principal goes to pay off the principal sooner

(i.e., reduce the lifetime interest and reduce the cost of the loan). Because reliance on materially incorrect assertions renders the claim rejection analysis flawed, Applicants believe that, in this case, the claim rejections cannot be sustained.

As to Fernandez and Simpson, both of them appear to disclose a credit card use incentive rebate. Granted, the claimed invention also uses rebates to encourage credit card use. However, in accordance with the present invention as recited in claims 23, 35 and 45, the additional payments against the principal reduce the cost of the loan because they decrease the lifetime interest debt (by decreasing faster the loan principal balance). Unlike the present invention, both Fernandez and Simpson use the rebates to fund and thereby increase the balance in a retirement investment account (and, potentially, also increase the debt load of the card holder, as pointed out in previous responses; See, e.g., Fernandez at Abstract and col. 2, lines 27-44, col. 2, line 56 to col. 3, line 4, and col. line 48 to col. 6, line 27, and Simpson at Abstract and col. 1, lines 46-59 and col. 5, lines 49-59).

In other words, the present invention links credit card use incentive rebates to decreasing the cost of loans while Fernandez and Simpson link credit card use incentive rebates to accumulating savings. These are two fundamentally different approaches for fundamentally different purposes which inherently produce fundamentally different results.

According to the principles of patent law, obviousness is a matter of evidence, an objective inquiry based on the teachings in the sources of evidence, i.e., in the teachings of the art. In this case, there is no evidence in the cited references of any connection between the credit card use incentive rebates and decreasing cost of loans. Indeed, Fernandez and Simpson do not make or suggest in any way the connection between credit card use incentive rebates and reducing the cost of loans, no matter what kind of loans, including mortgages. Alleging otherwise without supportive evidence is not sufficient to make a *prima facie* case of obviousness. Accordingly, in this instance, the references and alleged knowledge in the art ("all the cited references") do not support a *prima facie* case of obviousness.

Because, according to the foregoing, independent claims 23, 35 and 45 are patentably distinguishable from and allowable over all the cited references dependent claims 24-34, 36-44 and 46-49 are also allowable. Moreover, the dependent claims recite additional limitations that are absent from all the cited references. Claim 42, for example, recites "calculating an *incremented* percentage of the value..." All the cited references fail to teach or suggest this feature and, in rejecting this claim, the Examiner likewise has not pointed to calculating an *incremented* percentage of the value in any of these references (See, e.g., Section 20 at page 5 of the Final Office Action).

4 CONCLUSION

Considering the foregoing, Applicants respectfully submit that the claimed invention is patentable over all the cited references and kindly request reconsideration and withdrawal of the claim rejections accordingly. Applicants acknowledge and thank the Examiner for reviewing the amendments and comments above and kindly invite the Examiner to call Applicants' Counsel should any issue remain outstanding, so that a Notice of Allowance can issue soon.

The Commissioner is authorized to charge any fee deficiency or credit any fee overpayment to deposit account no. 50-2778.

Respectfully submitted,

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**CERTIFICATE OF MAILING (37 CFR 1.10(a))**

CERTIFICATE OF MAILING BY "EXPRESS MAIL" - Rule 10: I hereby certify that this correspondence is being deposited on January 28, 2005 with the U.S. Postal Service "Express Mail Post Office to Addressee" under 37 CFR 1.10 as EL 989 609 157 US addressed to: Mail Stop Amendment, Commissioner for Patents, P.O. Box 1450, Alexandria, VA, 22313-1450

Date: January 28, 2005

  
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